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THOUGHTS

ON

FINANCE,

SUGGESTED BY

THE MEASURES OF THE PRESENT SESSION.

THOMSON



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BY

Maitland (J)
K THE EARL OF LAUDERDALE.

THIRD EDITION.

*La Finance livrée à sa propre rapacité ressemble à ces monstres de la fable, qui dans l'excès d'une
faim enragée dévorent leurs propres entrailles.*

PHILOSOPHIE RURALE.

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THOUGHTS

ON

FINANCE

BY

THE MEMBERS OF THE PARLIAMENT

THE HOUSE OF COMMONS



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PRINTED

THOUGHTS ON FINANCE,

&c.

THERE is no task more discouraging, from its repeated failure, than any attempt to attract public attention to the Finances of the country. It is a subject understood by few, and amusing to none. Though interesting to all, it exhibits views of interest too remote for the majority of mankind. Nay, the inferences in favour of economy and reform, to which an investigation into the state of the public expenditure conducts us, are repugnant to those selfish habits which induce Ministers to cherish corruption, and engage men respectable for talent, and independent from situation, to fashion and model their political opinions in the way that shall best entitle them to a share in the plunder. It is a desperate undertaking to convince the epicure of the pernicious consequences attending an uncontrolled indulgence in his favourite luxury; and something of a similar difficulty must accompany every attempt to criticise the public expenditure.

penditure. For, as the government of this country now stands modelled in practice, it will be difficult to find a single individual in the higher, or even middling, classes of society, who in his own person, or through the medium of some relation or friend, does not habitually prey upon the Public Revenue.

If, however, such impediments may be surmounted; if it is possible to entertain a hope that attention may at last be given to the subject; there is something in the aspect of the times which may encourage us to indulge it. These times, when we are gradually laying our prejudices aside, seem auspicious to the inquiry. Experience has now taught us that the Bank of England can exist, though the Bank of Amsterdam is under the influence of Sans-culottes. We feel that social order is not extinguished, and yet we know there is a republican government in France; and with that republic, solemnly declared capable of maintaining the accustomed relations of peace and amity, we have pretended to solicit a Treaty.—Blood and warfare are no longer regarded as the best means of maintaining religion; and it is believed that loans and taxes cannot now be considered as necessary for the protection of property.—It is to strengthen this latter opinion that the following thoughts are thrown together, which, by offering to the public eye a sketch of the recent management and actual situation of our affairs, will exhibit the evils which the folly and incapacity of Ministers have entailed upon the country.

Lament-

Lamentations on the extent of the national debt have been so often repeated, it is to be feared, that whatever bears the appearance of complaint on this subject may be disregarded as common-place. But let it be recollected, that the present situation of the country affords no ordinary theme. The history of this year will long remain conspicuous in the annals of Finance. In the course of it there has been raised, as a tribute to the obstinate perseverance of our Ministers in the measures dictated by their real or affected alarms, a sum exceeding, as appears from the following statement, Sixty millions.

Dec. 7. 1795.	By Loan	-	-	£. 18,000,000
April 18. 1796.	By ditto	-	-	7,500,000
April 1796.	By funding Navy Bills	-	-	4,414,074
October 1796.	By funding Navy and Exchequer Bills	-	-	13,737,022
Dec. 7. 1796.	By Loan	-	-	18,000,000
				£. 61,651,096

Of the effects of this the People of England are not yet conscious ; but, before long, they will feel that within the short space of one year, from the 7th of December 1795 to the 7th of December 1796, they have been burthened in perpetuity with the annual payment of upwards of Three millions seven hundred thousand pounds.

Taxes Dec. 7. 1795, and April 18. 1796 £. 1,592,000

Taxes Dec. 7. 1796 2,131,000

~~2,131,000~~
£. 3,724,000

Can fourteen years enjoyment of power have so hardened the mind of a man, as to enable our Minister to reflect on the envenomed proscriptions with which he assailed Lord Guilford, and regard with calm complacency the enormous excess of the expenditure of the present day? Is the spirit of Englishmen so crushed, has their patriotism become so languid, as to make them learn with indifference, that in so short a space of time taxes have been imposed which surpass the charge created by the funded debt contracted during the first six years of the American War by nearly a million and a half, and exceed the total charge of debt, funded and unfunded, contracted during that War till the 5th of January 1782? — That these facts, however, are uncontrovertible, the following statements will sufficiently prove.

I.

Taxes from December 7th 1795, to ditto 1796,	} £. 3,724,000
inclusive - - - - -	
Charge for interest and management on the whole	} 2,276,359
debt funded between the 5th of January 1776	
and ditto 1782, as appears from the Report of	
the Committee 1782 - - - - -	

Excess of Taxes for the year ending Dec. 7th, 1796, £. 1,447,641

II.
 Taxes from December 7th 1795, to ditto 1796, }
 inclusive - - - - - } £. 3,724,000

Interest on £19,662,265, being the }
 total of unfunded debt 1782, as }
 stated by the Committee 1781, at } £. 1,179,735
 6 per cent. - - - - - }

Charge on the debt funded between }
 the 5th Jan. 1776, and ditto 1782 } 2,276,359
 3,456,094

Excess of Taxes from the 7th of December 1795, }
 to ditto 1796 - - - - - } £. 267,906

In the military history of the British nation, perhaps there is no period more conspicuous than the War before the last, commonly known by the name of the Seven Years War. In this War, the enemies of England, vanquished in every quarter, were obliged to purchase Peace, by the cession of some of their most valuable colonies. Yet many of our ancestors doubted whether these benefits were not dearly bought by the burdens it entailed on posterity. Can we then observe with indifference, that in a year when the evacuation of Corfica, the conquest of the Maroons, and the useless sacrifice of so many of our countrymen in the West Indies, formed the most important military anecdotes, we have seen the Minister propose to Parliament, in the course of one day, permanent taxes on the people of this country nearly equal to the total charge of that glorious War?

Total charge of debt funded and unfunded, War 1755*	£. 2,424,104
Taxes Dec. 7, 1796	2,132,000
Total excess	£. 292,104

I cannot doubt but that these views of our recent thoughtless and boundless profusion will awaken the attention of my countrymen. —I must believe, that when they learn that within the short space of four years, we have added to the annual charge of the debt, a sum exceeding the total annual charge of the debt contracted from the Revolution to the year 1782, they must wish to hear something of the present management, and of the real situation of their affairs.

Total charge of debt created by the present War	- £. 6,701,000
Total annual charge of the national debt to the	} 6,688,000
5th January 1782†	
Excess during the present War	£. 13,000

At such a crisis, and on such a subject, to contribute towards the public information appears an important duty—a duty which is the more pressing, since every exertion of Ministers serves to indicate a fixed and determined system of concealment and delusion, for the purpose of keeping the Parliament, and the Public, ignorant of the situation of the country.

* Sinclair on the Revenue, p. 88.

† Report from the Committee of Finance 1782.

This may be thought a harsh and a strong accusation ; but there are, unfortunately, many facts that might be stated as overt acts, if an indictment was to be drawn against the parties for a conspiracy to delude and deceive the country—and some of these are too important to be omitted.

It may appear ridiculous to attribute much consequence to any production of a man whose pen has ever been employed in sacrificing to the prejudices of the Minister of the day ; who was as ready to enliven our ruinous exertions by an exaggerated state of our resources during the American War, as he was forward to proclaim the unparalleled prosperity of our Finance in the last year ; but Lord Auckland's speech derived authority from its being received and circulated as the manifesto of a party, rather than as the sentiments of an individual ; through him the Public were told in the month of May last that there was no sum which could be stated as outstanding and unprovided debt, though there possibly might exist at the end of the year a sum to the amount of six or seven millions. Yet, in the month of October, that is, within four months, a proposition was made for funding Navy, Victualling, Transport, and Exchequer Bills, to the amount of Fourteen millions and a half. We have since learnt from the account before the House of Commons, that if the Navy debt had not been funded, it would have exceeded, on the 30th of November, Fifteen millions ; and the Minister has admitted, that, on the 31st of December 1796, it must have amounted to Sixteen millions. However gross
this

this misrepresentation may appear, Lord Auckland may boast that Mr. Pitt's delusive statements on the very same subject will keep him in countenance. The English language cannot convey assertion in stronger terms than those the Minister employed on the 7th of December 1795, to assure the Parliament and the Public of his thorough conviction, after the most minute enquiry, that, in the course of the year, the Navy debt would not exceed Two millions five hundred thousand pounds. On the 18th of April 1796, when he had already issued Navy Bills to the amount of upwards of Three millions, to persevere in this declaration was impossible; but, in terms of energy, he announced, with equal certainty, that this service could not exceed Four millions; and the Public have seen him since constrained to acknowledge that it has actually exceeded Eight millions. Such attempts to deceive appear unaccountable. The certainty of detection within a limited period, seems alone sufficient to dissuade prudent men from practising them; but desperate adventurers are ever prone to adopt time-serving expedients; and we cannot be surprised that they should be resorted to by men whose rash and unthinking extravagance forced them to call Parliament together in the month of September; though between the 1st of December 1795, and the 1st of October 1796, they must have received near Forty millions. Flagrant as these instances may appear, they are yet far from the blackest in the catalogue of Ministerial deception. Early in the last Session, the Bank of England had remonstrated on the ruin which must ensue from remittances to the Emperor; and

as under our Constitution, in modern practice, their controul over the public purse is much more efficacious than that of the Parliament, all idea of a Public Loan was immediately abandoned. But secret engagements rendered remittances to the Emperor necessary; and the Minister resolved to effect by stealth the Loan which the *veto* of the Directors of the Bank had forced him to pretend he had abandoned. What reluctance he felt in attempting to delude that superior branch of our financial legislature, the Bank, is a matter of secret history; but certain it is, that, after having overcome his scruples on this head, he seems to have determined to leave no deception unpractised to lull suspicion itself in the Houses of Parliament. The terms of the following Protest, entered in the Journals of the House of Lords, March 7th 1796, on passing the Vote of Credit Bill, will show, that it was to that quarter the attention of Parliament was particularly called, as the source from which foreign remittances might take place.

“Because, the extreme anxiety of his Majesty’s Ministers to
 “hurry this Bill through the two Houses of Parliament, at so early
 “a period in the Session, after such very liberal supplies already
 “voted, leads us to suspect, that this further sum of Two millions
 “and a half is immediately wanted to discharge some secret debts
 “which have been improperly contracted, or to defray the ex-
 “pence of some extravagant project, not calculated to meet the eye
 “of Parliament.”—Under these circumstances, the knowledge of

any considerable expenditure from the Vote of Credit, might have awakened the attention of Parliament to further enquiry. Concealment upon this subject became, therefore, essentially necessary; and when in the month of April a statement of the sums expended out of the Vote of Credit before the 5th of April was called for, though deception could alone be carried on through the medium of falsehood, the Minister did not hesitate; and a false return was made to both Houses, stating, that only Three hundred and forty thousand pounds had been expended out of the Vote of Credit; though it since appears, by the paper laid on the table of the House of Commons, that upwards of One million three hundred thousand pounds had been paid away.

The preceding general remarks are stated, that the Public may see the enormity of the present expenditure, and form a just estimate of the integrity of their present Steward. If the magnitude of the former does not awaken their attention, I am in hopes that the suspicions they must entertain of the latter will excite some inclination to enquiry, and will justify me in soliciting their attention to the following thoughts, suggested by the situation of our Finance, and the measures relative to it, during the course of the present Session.

I. Of Debt created by the Loan, and Funding of Navy Bills, &c. during the present Session.

IN the course of the last year, the circumstances attending the enormous expenditure of public money, occasioned frequent debates in Parliament, in which the unparalleled amount of extraordinary and unprovided services were mentioned with that degree of censure, with which, in good times, and by men who felt for the privileges of Parliament, they have been ever treated. The manner, too, in which the negotiation for the Loan of that Session was conducted, had created suspicion, produced enquiry, and ended in an attempt to criminate.

Throughout the various statements, however, and during the different altercations these discussions occasioned, the situation of our public credit was a theme on which all agreed in expressing satisfaction and joy. We had borrowed, in the fourth year of the War, so large a sum as Eighteen millions, on terms more moderate than the Loan of the antecedent year, and at a rate of interest not exceeding 4l. 14s. When a farther sum was thought necessary to defray our increasing expences, and relieve the market from a part of the floating debt, the extent of which was deemed injurious to public credit, Seven millions five hundred thousand pounds were obtained on terms even more favourable than the Loan of Eighteen millions;

and if more had been then called for, such was the state of the money market, it might have been procured with ease; indeed no man can doubt that the Minister could have then provided money sufficient to cover all the extraordinaries of the year without offering any great augmentation of interest.

When the terms on which we thus raised money were contrasted with the conditions on which it was obtained in former Wars*, such an impression of our credit was unavoidably created as seemed of all things the best calculated to counteract, in the minds of our enemies, that confidence and presumption which are the natural attendants on military success. To cherish and foster our resources, to maintain, if possible, our credit, ought therefore more than ever to have been a primary object of ministerial attention: the reputation of the Minister required it—the situation of the country emphatically called for it.

It may be thought, however, and perhaps with justice, that a little care and oeconomy was the sole assistance he could administer. Schemes and projects to maintain public credit have

* During the four years of War with France, in Lord North's administration, money was borrowed at the following rate:

1779. £. 7,000,000 at £. 5 18 6 per cent.	1781. £. 12,000,000 at £. 5 11 0 per ct.
1780. 12,000,000 at 5 16 6 ditto.	1782. 13,500,000 at 5 17 10 ditto.

fallen

fallen into such deserved disrepute, that an anxious attention to prevent injury was the line of conduct which prudence would have dictated as the safest that could be pursued. Important therefore as this duty appeared, a want of exertion in the Minister would have been a venial fault, and, compared with his actual conduct, would have deserved praise. But, unfortunately for the country, I have not to accuse Mr. Pitt of inactivity. It is his industry, exerted in pursuing the only two measures avowedly calculated to ruin our credit, that excites astonishment, and calls for reprobation.

The Bank were known to have suggested to the Minister, that foreign remittance was ruinous to public credit; and he had acquiesced in their opinion. The Minister had declared the extension of our unfunded debt to be destructive to our credit; and Parliament, by its conduct, had applauded his opinion. Yet, an unprecedented and unconstitutional remittance of the public money to the Emperor without consent of Parliament, and an unparalleled accumulation of unfunded debt, formed the most prominent features of the fiscal operations of the year.

On no subject undoubtedly have prophecies oftener proved fallacious, than on the result of measures of Finance; but in no instance were predictions on any subject ever more fatally verified than those of the Minister, the Bank, and the Parliament, in the consequences

consequences of foreign remittance, and the extension of our unfunded debt.

From $3\frac{1}{2}$ per cent. the discount on Navy Bills gradually increased, till, in the month of September, we were reduced to issue them at a discount of 15 per cent.—and of course were borrowing money, which a little foresight in the early part of the year would have enabled us to provide at a moderate interest, at the unreasonable rate of more than 18 per cent.

£.100 will purchase in Navy Bills at 15 per cent. disc. £.117 12 0

Interest for 15 months, the time which by law the

Bill must be discharged

Deduct capital employed

Profit in 15 months

That is, at the rate of 18l. 15s. per cent. per annum.

Thus, not by any new or unforeseen calamity; not by the failure of any novel experiment, where the fair prospect of advantage might vindicate the attempt; but by pursuing the very means that had been marked out with reprobation by himself, and condemned by every authority antecedent to the dissolution of Parliament; Mr. Pitt brought the credit of this country to a lower

consequences

ebb than it had been either during or subsequent to the American War.

That so much mischief should be done within so narrow a space of time, appears almost incredible; but the following comparative statement will prove the truth of the assertion, and display the fatal effects of the measures he pursued, in contempt of his own theories, and of the constitutional checks of Parliament.

STATEMENT of the probable Profit on a Navy Bill pending and subsequent to the American War, and of the certain Profit afforded by the discount of 15 per cent. in September last.

Profit on a Navy Bill at 13 per cent. discount, the largest during the American War.	Profit on a Navy Bill at 10 per cent. nearly the largest discount subsequent to the American War, in the month of January 1784.	Profit on a Navy Bill at 15 per cent. discount, issued in the month of September 1796.
£. s. d. £. 100 at 13 per cent. discount, will purchase nearly Interest for 18 months at 4 per cent. being the total of interest the purchaser could expect 121 18 0 Deduct capital employed 100 0 0 Profit during 2 years 21 18 0 That is, per annum £. 10 19 0	£. s. d. £. 100 will purchase - 125 0 0 Interest for 2 years and a half at 4 per cent. being the total of interest the purchaser could expect 12 10 0 Deduct capital employed 100 0 0 Profit during 3 years 37 10 0 That is, per annum £. 12 10 0	£. s. d. £. 100 will purchase in Navy Bills, at 15 per cent. discount - 117 12 0 Interest for 15 months, the time which by law the Bill must be discharged 5 17 6 Deduct capital employed 100 0 0 Profit in 15 months 23 9 6 That is, per annum £. 18 15 0

The history of the country records many complaints, of the misapplication of money appropriated, of the excess of unestimated expence, and of the timid and imperceptible encroachments of designing Ministers. But, in the annals of this day, we have

to contemplate the vaulting genius that displayed itself in the successes of Lord Chatham, breaking forth in the enormity of the constitutional infringements of his son, and the pecuniary calamity it created. Under his management, this country, that used to pride itself on the security it derived from the controul its representatives exercised over the public purse, has witnessed debts to an extent antecedently unthought of, contracted without the consent of Parliament; money, to an amount unheard of, remitted to a Foreign Power without its authority *: and it must now feel that the National Credit, which was the object of our pride, has, by these means, during a short recess, been brought into such a state as to become the theme of our lamentation.

In good times, the boldest of Ministers would, under such circumstances, have trembled to meet the real Representatives of the People; but our Minister was too well acquainted with the Parliament, he had so recently formed, to feel any such anxiety. To judge by the conduct pursued, we can hardly suspect that he deemed the situation sufficiently important to command his attention, or be-

* In a country where the circulation is carried on by specie, the effects of a forced foreign remittance are not so much to be dreaded: there, a demand from abroad for £1,200,000 only deprives them of circulating medium to that extent; with us, a similar remittance withdraws from circulation, not £1,200,000, but such a sum of paper as £1,200,000 in cash, on the usual system of Banking, is capable of circulating.

lieve

lieve that he did not carelessly adopt the schemes of some interested follower: for, if it had been given as a task to devise a plan for the consideration of Parliament, whose fatal effects on credit should drown in the public recollection the injuries already done it; a better display of ingenuity could not have been made, than in the arrangement proposed relative to the unfunded debt.

We have seen that the immoderate gain the holders of Navy Bills acquired, originated from the extent of discount on issuing the Bills.

The Public were, at the meeting of Parliament, in possession of the dear-bought advantage of holding the money till the bills became due at 4 per cent. and money could not be obtained on terms so reasonable; but even this sole and comparatively trifling advantage was now to be done away.

If Mr. Pitt, without the sanction of Parliament, had already given much to the Navy Holders, he now proposed with its concurrence to give them a little more. If public credit had suffered even from the appearance of borrowing money at the rate of 18 per cent. it was now to experience a more fatal blow, by an arrangement that gave to the creditor such a profit, during his holding the bill, as appears almost fabulous. Yet true it is, by the measure of funding the Navy, brought forward, and speedily digested by a confiding

D

Parliament,

Parliament, the Nation now pays near 6 per cent. for money which they might for a time have held at 4; and the Creditors, as the following statement will prove, made in some instances an interest exceeding any thing the iron voice of Usury ever demanded from the most thoughtless prodigal.

Statement of the Interest made on a Navy Bill, bought in the Beginning of September, supposing it to be funded, agreeable to the Act of Parliament, in the 3 per Cents. at $2\frac{1}{2}$ below 88.

Interest on 100l. for 60 days, at 4 per cent.	- -	£. 0 13 0
Interest on ditto from the 30th of October to the 12th of December, being 43 days	- - - - -	0 9 5
Premium of $2\frac{1}{2}$ per cent. on each 100l. stock in the 5 per cents. valued at 88; or on 113l. 13s. stock, which is equivalent to 100l. in money	- - - - -	2 17 0
Discount at 15 per cent.	- - - - -	15 0 0

£. 18 19 5
 18. 19s. 5d. on 85l. the purchase money of the Navy Bill, is at the rate, on 100l. of 22l. 6s. 3d.; and the interest of 22l. 6s. 3d. on 100l. for 60 days, would be, for a year, at the rate of 135l. 16s. per cent.

It is not however alone the loss sustained by the result that deserves

deserves attention; the management of this business creates the strongest impression of the incapacity of those by whom it was conducted, and exhibits a neglect of interest, which the desire of an immediate supply has often produced in a thoughtless individual, to a degree hitherto unknown in any public concern.

Formerly it had been an object of much controversy, whether the national interest was best consulted in borrowing money by creating a large capital and a small interest, as in the 3 per cents; or by augmenting the interest, and comparatively diminishing the capital, as in the 4 and 5 per cents: but these trivial distinctions were now thought unworthy the attention of the People's Representatives.

In the true spirit of indifference that attends approaching bankruptcy, the choice of the security was by the following proposal left to the Public Creditor, the person of all others to whom it seems most improper for Parliament to have delegated the trust.

Price of 3, 4 and 5 per Cents. at which Navy and Exchequer Bills, &c. were proposed to be funded. The Holder of the Bill to have the Selection of the Stock.

1st Class,	{	5 per cents. 84	3d Class,	{	5 per cents. 85
		4 per cents. 72			4 per cents. 73
		3 per cents. 56			3 per cents. 57
2d Class,	{	5 per cents. 84½	4th Class,	{	5 per cents. 85½
		4 per cents. 72½			4 per cents. 73½
		3 per cents. 56½			3 per cents. 57½

Is so important a concern as the funding of nearly fifteen millions, if it could be thought advisable to leave any thing to the choice of the creditor, the Public had at least a right to expect that the scale of prices submitted to his option would have been regulated upon some fixed principle, and that the compensation by saving in interest in the 3 per cents for increase of capital over the 4 per cents. and 5 per cents. would have been proportionate in the different classes; but the following Table will show that, with a thorough contempt for every thing like care and attention, the prices were so arranged, that the compensation in saving in interest increases in proportion as the capital for which it is given diminishes; and that to such an extent, that in the first class a saving of twelve shillings in interest is regarded as equivalent to an increase of capital of 59l. 11s.; whereas, in the last class, twelve shillings and eight-pence in interest becomes the compensation for only 56l. 19s.

The Capital and Interest created in the different Classes of Navy and Exchequer Bills funded; with a View of the Compensation the by saving in Interest in the 4 and 5 per Cents, for the Augmentation of Capital created in the 3 per Cents. and a Statement of the 3d, and 4th Class, on the Supposition that the Proportions in the 1st are accurate.

Capital created.		Interest.		Statement of the Excess of Capital created in the 3 per cents. over the 4 and 5 per cents. and of the Compensation in Interest saved to the Public to indemnify them for the additional Capital granted.		Statement of the Compensation in Interest that ought to have been allowed for the Augmentation of Capital in the 2d, 3d, and 4th Classes, provided the Proportions are right in the first.	
		1st Class.	1st Class.	1st Class.	Excess of Capital.	Saving in Interest.	
		£. s.	£. s. d.		£. s.	s. d.	
1st Class.				Excess of the Capital created in the 3 per cents. over the 4	39 14	4 0	Saving there ought to have been, in Interest if the proportion in the 1st class had been observed
200 funded in 3 per cents. at		178 12	5 7 1	Do. above 5 per cents. - -	59 11	12 0	
in Stock & Debt of - - -		138 18	5 11 1				
per cents. at 72 - - -		149 1	5 19 0				
per cents. at 84 - - -							
2d Class.				2d Class.			2d Class. Difference
				Excess of the Capital created in the 3 per cents. over the 4	39 2	4 2	s. d. s. d.
100 funded in the 3 per cents.		177 0	5 6 2	Do. above 5 per cents. - -	58 13	12 2	3 11 0 3
will create in Stock & Debt of - -		137 18	5 10 4				11 10 0 4
per cents. at 72: 10, - - -		138 7	5 18 4				
per cents. at 84: 10, - - -							
3d Class.				3d Class.			3d Class.
				Excess of the Capital created in the 3 per cents. over the 4	38 9	4 4	3 11 0 5
50 funded in 3 per cents. at		175 9	5 5 3	Do. above 5 per cents. - -	57 16	10 5	11 10 0 7
in Stock & Debt of - - -		137 0	5 9 7				
per cents. at 73, - - -		137 13	5 17 8				
per cents. at 85, - - -							
4th Class.				4th Class.			4th Class.
				Excess of the Capital created in the 3 per cents. over the 4	37 17	4 6	3 10 0 8
25 funded in 3 per cents. at		173 18	5 4 4	Do. above 5 per cents. - -	56 19	12 8	11 6 1 2
in Stock & Debt of - - -		136 1	5 8 10				
per cents. at 73: 10, - - -		136 19	5 17 0				
per cents. at 85: 10, - - -							

There is no shape in which this plan for disposing of the unfunded debt can be viewed, that does not excite our astonishment at the inability or the carelessness of the Ministers who submitted it to Parliament. As the law of this country now stands, whether the Bills were subscribed into 3, 4, or 5 per cents; by the one per cent. sinking fund on the capital created, the debt is extinguished in the course of nearly forty years: every funded debt therefore contracted, may be considered as the grant of an annuity for forty years, of a sum equal in amount to the interest paid, and the sinking fund established.

From this it follows, that it was evidently the duty of the guardians of the public purse, to regulate the price of the different stocks tendered to the option of the creditor, in such a manner as to create in interest and sinking fund, an annuity to a similar extent in each *.

* This must always be the case when the price of Stocks is taken at the following proportions:

5 per cents. to 3 per cents. as 3 to 2.
4 per cents. to 3 per cents. as 5 to 4.
5 per cents. to 4 per cents. as 6 to 5.

Prices at which the Stock was tendered to the different Classes, and at which it ought to have been taken to produce an equal Charge in Interest and Sinking Fund.

Price of Stock as tendered to the different classes.	Prices at which the 3 and 4 per cents ought to have been taken to produce a charge for sinking fund and interest, exactly equal to that which is created by the 5 per cents. at the price at which they were taken.	Prices at which the 3 and 5 per cents ought to have been taken to produce a charge for sinking fund and interest, exactly equal to that which is created by the 4 per cents. at the price at which they were taken.	Price at which the 4 and 5 per cents ought to have been taken to produce a charge for sinking fund and interest, exactly equal to that which is created by the 3 per cents. at the price at which they were taken.
1st Class.	1st Class.	1st Class.	1st Class.
5 per cents. 84	5 per cents. 84	4 per cents. 72	3 per cents. 56
4 per cents. 72	4 per cents. 70	5 per cents. 86 8	4 per cents. 70
3 per cents. 56	3 per cents. 56	3 per cents. 57 12	5 per cents. 84
2d Class.	2d Class.	2d Class.	2d Class.
5 per cents. 84 10	5 per cents. 84 10	4 per cents. 72 10	3 per cents. 56 10
4 per cents. 72 10	4 per cents. 70 8 4	5 per cents. 87	4 per cents. 70 12 6
3 per cents. 56 10	3 per cents. 56 6 8	3 per cents. 58	5 per cents. 84 15
3d Class.	3d Class.	3d Class.	3d Class.
5 per cents. 85	5 per cents. 85	4 per cents. 73	3 per cents. 57
4 per cents. 73	4 per cents. 70 16 8	5 per cents. 87 12	4 per cents. 71 5
3 per cents. 57	3 per cents. 56 13 4	3 per cents. 58 8	5 per cents. 85 10
4th Class.	4th Class.	4th Class.	4th Class.
5 per cents. 85 10	5 per cents. 85 10	4 per cents. 73 10	3 per cents. 57 10
4 per cents. 73 10	4 per cents. 71 5	5 per cents. 88 4	4 per cents. 71 12 6
3 per cents. 57 10	3 per cents. 57	3 per cents. 58 16	5 per cents. 86 5

In no one class, however, and indeed in no single instance, except in the price of 3 and 5 per cents. in the first class, has this arrangement been adopted: and the following statement of the prices in the last class will show the nature of the option given; and prove that a confiding Parliament, by the advice of a careless or ignorant Minister, have left it in the power of the Creditor, to occasion to the Public, by his choice, a loss of no less than $3\frac{1}{2}$ per cent.

Statement showing the Price at which the Stocks were taken in the 4th Class, together with the Capital, Interest, Sinking Fund, and consequent Annuity created, with the Value of the additional Annuity which the Public will pay for the Stock created in 3 per cents. above that in 4 per cents, and for the Stock created in 5 per cents. above that in 3 per cents. and 4 per cents.

	Capital.	Interest.	Sinking Fund.	Annuity created by Interest and Sinking Fund.
Bill of 100l. funded	£. s.	£. s. d.	£. s. d.	£. s. d.
in 3 per cents. at $57\frac{1}{2}$	173 18	5 4 4	1 14 9	6 19 1
Do. in 4 do. at $73\frac{1}{2}$	136 1	5 8 10	1 7 2 $\frac{1}{2}$	6 16 0 $\frac{1}{2}$
Do. in 5 do. at $85\frac{1}{2}$	116 19	5 17 0	1 3 4 $\frac{1}{2}$	7 0 4

	Value of the different Annuities for 40 Years.
From this it follows that the Excess of Annuity paid to the person who subscribes into 5 per cents. over the Annuity created by a person subscribing into 3 per cents. is	£. s. 1 3
That the Excess of Annuity paid to a person subscribing into 3 per cents. over that paid to the man who chooses 4 per cents. is	3 0 $\frac{1}{2}$ 2 12
And that the Excess of Annuity paid to the man who chooses 5 per cents. over that received by the person selecting 4 per cents. is not less than	4 3 $\frac{1}{2}$ 3 13

Such was the conclusion of a transaction as extraordinary in its origin, as it was singular in its progress; for if it seems strange that a Minister should persevere in the very line he had marked out as the road to ruin, without calling for the assistance of Parliament to counteract

counteract it; it is no less unaccountable, that the only thing he should recommend to Parliament when it met, was a plan for raising the interest of the unfunded debt, the holders of which had already pillaged so much by the discount; and it is hardly to be credited, that under these circumstances, the plan he submitted should leave it to the option of the Creditor, whether the additional burthen on the Public should be $3\frac{1}{2}$ per cent. more or less.

A more unfortunate series of measures, as preparatory to the negotiating of a Loan, cannot easily be imagined. Having permitted the moneyed interest to indulge in such extravagant profits, the Minister could hardly expect to treat with them on reasonable terms. One advantage, however, attended our situation—The lease of the Money Market was expiring, and Mr. Pitt was at last at liberty to try that principle of negotiating a Loan by open competition, which he had praised so much, and practised so little; but the fatal effects of his measures, in his own apprehension, now rendered this favourite expedient impracticable. The situation of the country made it necessary to have recourse to a measure tinged with “the character and genius of arbitrary finance;” and if he did not practise, he, at least, threatened us with “the wild struggles and plunges of despotism and distress.” For, after repeated delays, and when the public attention had been occupied by reports of forced loans, proportioned to the assessed taxes paid, the livery

servants

servants kept, or the income enjoyed by an individual, he at last sent the following letter to the Bank:

Downing-Street, Wednesday, Nov. 30. 1796.

Gentlemen,

Under the present circumstances, it seems of peculiar importance that a mode should be adopted for the providing for the service of the ensuing year, without incurring so heavy an annual charge, and so great an increase of capital, as would attend a loan, made in the accustomed manner, at the present price of the funds.

With this view, it is in contemplation to propose to Parliament, that all persons possessed of a certain income, should be *required* to lend a certain proportion of it, say one fourth, to be repaid at the period and on the terms stated in the inclosed memorandum.

There is great reason to hope, that many persons possessed of considerable income, both in the capital and in the country, will be induced, without waiting for this measure being enforced, voluntarily to contribute in a larger proportion than would be *required* of them; but the extent of such a contribution will, in a great degree, depend upon the effect of example, and particularly on the degree of countenance which the measure may receive from the Bank.

I will

I will request the favour of you to lay these considerations before the Court of Directors in the first instance, and after, if they think fit, before the Court of Proprietors, and to express my earnest hope, that, from their zeal for the public service, and their sense of the importance of the present crisis, they will not be disinclined to take the lead in a measure which must have the most beneficial effect on public credit, and the most evident tendency to accelerate the restoration of Peace on secure and honourable terms.

I have the honour to be, &c. &c. &c.

W. PITT.

From this letter did the People of this country, for the first time, learn that a Minister dared to harbour an idea of a FORCED LOAN. On the impolicy of such a measure, it is needless to remark, a proposition could not have been made less congenial with the supposed character of the British Government, or more destructive of that respect for property which ought to animate a commercial country.

As a question of political œconomy, however, it demands a little consideration; and in this point of view, I know not which of the alternatives held forth in the letter have the greatest tendency to diminish the wealth of the country. A Loan, filled by the forced seizure of a proportionate part of the Capital of all, must be in a high degree destructive of National opulence. A Loan, filled by

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the

the enthusiastic dictates of Patriotism, may be more so; and a little investigation will teach us, that in whatever situation the country may be placed, interest is the only principle on which a Financier with safety can excite subscriptions to his Loan.

When, by Legislative power, we force contributions to a Loan from the various Capitals of individuals in equal proportions, without relation to the manner in which they are employed, we obviously abstract, from the produce of a future year, an interest on the sum borrowed at the rate of the average produce of the whole Capital. If the Loan is to be filled by a call on the patriotism of the community; as the patriotic feelings of those who reap the greatest benefits from the subsisting situation of things are likely to be most alive to the demand, it is to be dreaded that we may displace a share of the most productive part of our Capital. But a Loan to the same extent, raised by voluntary subscription, when the interest of the individual dictates the offer, can only draw off, from the produce of another year, a sum equal to the extent of the profit made by a similar share of the least productive part of our Capital.

This may appear obscure when stated in the abstract; but there is nothing more clearly founded in truth, or more distinctly susceptible of demonstration.

Let us for a moment suppose, that the Capital of any Nation
amounts

amounts to a Hundred Millions, and that it is employed so as to render an annual produce as follows :

Capital employed.		Re-production.	Total Re-production.
£. 20,000,000	so as to return 13 per cent. that is,	£. 2,600,000	£. 9,000,000, one-tenth of which is £. 900,000.
20,000,000	ditto. 11 per cent. ditto.	2,200,000	
20,000,000	ditto. 9 per cent. ditto.	1,800,000	
20,000,000	ditto. 7 per cent. ditto.	1,400,000	
20,000,000	ditto. 5 per cent. ditto	1,000,000	

If the necessities of such a country required an immediate supply of ten millions, interest could alone induce the proprietors of that part of the capital which produced 5 per cent. to subscribe to a loan opened at $6\frac{1}{2}$; and this measure of finance could therefore only derange a re-production of 500,000l. But if two millions are taken by force out of each of the twenty millions, the consequence will undoubtedly be the derangement of the re-production of 900,000l. And if patriotism should lead the proprietors of the most productive part of our capital to subscribe ten millions of their property, it would impede a re-production to the extent of 1,300,000l.

To discover the accurate produce of the different branches of our capital, or the proportions into which it is divided, with their various rates of re-production, is impossible; but there are some things that follow from this view of the subject with certainty.

First,

First, That money raised by assuming a proportion of the capital of all, must occasion a greater loss to every country than a sum of a similar extent borrowed by voluntary subscription, except we can find a nation where the whole capital is so employed as to produce equally.

Secondly, That the measure of that loss must be a per centage on the sum borrowed, equal to the difference betwixt the produce of the least productive part of the capital, and the average produce of the whole.

Thirdly, That the loss sustained by a subscription filled from patriotic enthusiasm, may, and most probably will, be still more considerable.

In this country we may pronounce with confidence, that such a measure, if resorted to, must be ruinous. In all opulent and commercial nations there is a variety of uses of capital; and perhaps there is none whose spirit of enterprise has created more channels for the employment of its wealth, and where of course its reproduction must be so infinitely varied.

These observations were called for by the principles contained in the Minister's letter, and a dread that they may be resorted to in practice at no very remote period: for the following memorandum
inclosed

inclosed in it, relieved the Nation from any apprehension that on this occasion it would be necessary to have recourse to force, or that he meant to trust entirely to the patriotic enthusiasm of the City.

Loan for the Service of the Year 1797.

Every person subscribing 100l. to receive 112l. 10s. in 5 per cent. stock, to be irredeemable, unless with the consent of the owner, until the expiration of three years after the present 5 per cents. shall have been redeemed or reduced; but with an option in the holder, to be paid at par, at any shorter period, but not less than two years from the conclusion of the definitive Treaty of Peace.

Payment in either case to be made in money, or, at the option of the holder, in 3 per cent. stock, valued at 75l.

The first payment on the 13th of January, the second in March, the remaining instalments between March and the October following.

○ The receipts not to be issuable till after the second instalment, or till after 20l. has been deposited on each 100l. Discount as usual on prompt payment.

Interest to commence from the 10th of October 1796.

By this proposal an interest of 5l. 17s. per. cent. was offered to the

the Subscriber for the money advanced ; but what is much more important in these hazardous times, the right he acquired to demand his money in two years after Peace, gave security to his property ; and if Peace is made within the year, it ensures, for the three years he is bound to lend his money, an annual profit, as the following statement will show, of upwards of 11 per cent.

Statement of the Profits on the Loan, if Peace is made within
One Year.

Capital in 5 per cent. Stock, repayment of which
in money, according to the terms of the proposal,
may be demanded by the Subscribers two years
after Peace

Sum subscribed by the Lender - - £.100 0

Deduct discount for prompt payment £. 3 0

Deduct a quarter of a year's dividend
due at the time of making the pay-
ment; the Interest on 112l. 10s.

commencing in October 1796 - - 8

Remain - - 4 8

Remains the sum advanced by the Subscriber - - 95 12 0

The Subscriber therefore acquires an increase of Capital
to the extent of - - 16 18 0

During the 3 years he will receive in Interest three times
5l. 12s. 6d. that is - - 16 17 6

Total Profit of the Subscriber in 3 years - - 33 15 6

That is, in one year - - £.11 5 2

But if 95l. 12s. gives 11l. 5s. 2d. 100l. will produce 11 15 6

To compare the 5 per cent. stock thus created with any of the existing stocks, is ridiculous; the comparative security it affords is what creates its value, and renders it desirable. Calculations have indeed been exhibited, showing the loss that the Subscriber would sustain on the supposition the funds rise to a great extent within two years after a Peace: those, however, who recollect the price of stock two years after the American War, can hardly expect a great increase subsequent to this. But, in truth, the same observation was applicable to the Navy Bills issued by Lord North at the end of the American War. As they were expected to remain three years due, the holder of the bill was equally liable to be deprived of the benefit that might arise from the intermediate advance of stock. Yet, this was uniformly treated as the most extravagant transaction of that Minister: though the following comparative statement will show, that the profit, by holding this stock for three years, is, in a trifling degree, inferior to the profit acquired by the Navy Bills of that day, even on the supposition of their being issued at a discount of 20 per cent.

Annual profit on a Navy Bill of	Annual produce of 100l. laid
100l. at 20 per cent. discount,	out in the new 5 per cent.
subsequent to the American	stock, upon the supposition
War, of which payment was	the Subscriber receives his
not to be expected for 3 years.	money in 3 years. (See
(See page 15.) - - - £. 12 10 0	page 30.) - - - £. 11 15 6

If the obligation to pay off at par, in two years after Peace, renders this newly-created stock advantageous in the extreme, even on the suppo-

supposition that the War is terminated in one year, it is needless to use argument to prove how much more valuable a condition becomes that gives security, if our resources are to be exhausted, and our stocks still more depressed, by a continuation of warfare.

When we see doubt entertained whether terms such as these are extravagant, can we look back at the position on which public credit stood in the month of April last, when any sum of money might have been borrowed at 4l. 14s., and applaud the management that has produced so extraordinary a change?

If there can exist hesitation in condemning the shifts and schemes that have been resorted to, let it be recollected, that it follows as a result from what has been stated, that within the last three months the Minister has given to the monied interest, an opportunity of making a permanent profit of upwards of 40 per cent. as the following statement will show:

Statement of the Profit made by 85l. vested in Navy Bills in the beginning of September, realized in Cash subsequent to the Funding, and afterwards subscribed into the New Loan.

Advanced for purchasing a Navy Bill	£. 85	0	0
Profit on funding in 5 per cent. in the			
terms of the proposal, as stated in p. 18.	18	19	5
Capital augmented by the profit on 85l. to	£. 103	19	5

The

The above 103l. 19s. 5d. subscribed into the new

5 per cent. stock, will produce a capital of - £. 122 7 0

Deduct the 85l. originally employed - - - 85 0 0

Remains profit on 85l. - - - £. 37 7 0

But if 85l. gives 37l. 7s. 100l. will produce 43l. 18s.*

Such is (I cannot call it the profit) the enormous pillage that has been permitted out of the Public Treasury. Impartiality cannot review this short statement, and abstain from censure. Pensioned gratitude, from a penury of objects to praise, may be driven to exclaim, "That if the finances can be repaired, the present Minister is the man to repair them †!" But Mr. Burke may rest assured, that, except his own politics, there is nothing appears to a common understanding so likely to ruin the country, and ensure a Revolution, as Mr. Pitt's operations in Finance.

* This is the profit that might have been made, provided the 5 per cents had not fallen subsequent to the proposal for Funding the Navy. In fact, they fell immediately near 2 per cent. which will occasion a diminution easily calculated.

† See Letters on a Regicide Peace.

II. *Of the Debt contracted during the War, and the Means provided for discharging it; with a General View of our Finance on a Supposition of Peace, and the Consequences resulting from our extended Revenue.*

NEXT to the State of Public Credit, the most important standard by which we may judge of the good condition of a Nation with regard to its Finances, is the Adequacy of the Revenue to defray the necessary charges of establishments.

Having therefore briefly stated the measures recently adopted in relation to our credit, and displayed their consequences, I propose, shortly, to consider the sufficiency of the provision made to defray the charge created during the War; and to compare our receipts and expenditure, on the idea that hostilities will be terminated in the course of the present year, as well as on the more probable supposition, that the prejudices of our Ministers, and their incapacity to negotiate, (created by a recollection of their conduct and opinions), will delay the restoration of Peace for a longer period.

In providing for the expences of a War, the mode of raising money by funding is the least calculated to produce any immediate sensation of disgust in the people: large sums are thus obtained for small annual taxes, and the expenditure of the money raised, becomes,

comes, at once, a source of occupation and profit to many, whilst the feeling of the duties imposed, is more a matter of remote apprehension, than of immediate pressure. Not content, however, with the advantages the system naturally affords to the pursuit of War—Ministers, by unproductive taxes, delay the possibility of feeling the real extent of hardships; whilst, by secretly increasing the expenditure, they at once augment the employments and benefits they have to bestow, and diminish, even in appearance, the ultimate burdens the necessity of further impositions must create.

Hence the difficulty, that has ever existed, of ascertaining, during a War, the actual charge, and, of course, of comparing the existing receipt and expenditure.

We were flattered, indeed, from the practice the Minister had avowed, and the precaution Parliament had taken, that this difficulty would have been, in some degree, obviated. The clause in the Consolidation Act, by which the produce of all our new impositions, and the amount of the interest and charge of all future loans, is submitted in a distinct and separate form to Parliament at the beginning of each Session, was undoubtedly calculated to excite attention to any alarming deficiency in the Taxes recently imposed; and the determination, the Minister announced, of providing, by anticipation, for the extraordinaries of the current year, on the supposition they would be equal to those of the last, afforded some

security that Taxes would be laid sufficient to cover the probable expenditure.

Parliament, however, has seen deficiencies stated with indifference ; the Minister has deserted his practice ; and the Public derives as little advantage from the enactments of the Consolidation Act, as from the determination of the Minister. But it is not the old difficulties arising from neglected deficiencies of taxes and the variety of increasing arrears and unprovided services only that stand in the way of accuracy in ascertaining the charge and receipt at any given period. The unparalleled rapidity with which additions to our debt have been made, is an impediment peculiar to the present moment. Out of taxes to the amount of £. 6,701,000, which the War has occasioned, we have had no experience that can lead to any probable conclusion concerning the produce of so large a portion as £. 3,724,000. We know that the taxes in 1793—4—5 were given to produce £. 2,848,000 ; and we have seen in one year, ending the 10th of October 1796, a very large deficiency :—to assume a proportional failure in the taxes since laid on, would exhibit our revenue in an alarming state ; yet we cannot reflect that the deficiency of taxes has ever augmented as they have been multiplied, without dreading a still greater diminution ; and our apprehensions on this subject must be increased by seeing so large a proportion of the new revenue collected on commodities, on which the duties, during the last Peace, were diminished for the purpose of augmenting the receipt. These considerations

would authorise a very melancholy view of our situation. But in the following statements it is intended, as much as possible, to avoid speculation, and to place every thing in as favourable a point of view as truth will admit. In stating, therefore, the receipt, the taxes of the 7th of December 1795, of the 18th of April and 7th of December 1796, are admitted to produce the sums for which they were given, though the most sanguine person cannot contemplate either their nature or amount without dreading the extent of the future deficiency. With this observation, the following account of the receipt and expenditure created since the War is submitted:

STATEMENT, No. I.

Charge and Receipt, created since the year 1792.

1793. Annual charge created for Interest, Management, and Sinking Fund, by the Loan of this year * - - - - -	£. 252,812	1793. Produce of Duties imposed in this year, for one year ending Oct. 10th, 1796 †	£. 141,846
1794. Annual charge created by Interest, &c. on the Loan, and by Funding of Navy * - - - - -	773,324	1794. Produce of Duties imposed this year for ditto, deducting what belongs to the old Taxes on Bills, Receipts, and Paper † - - - - -	770,454
1795. Annual charge by Loan and Funding of Navy * - - - - -	1,227,415	1795. Produce of Duties imposed this year for ditto, including the estimated Produce of the Regulation concerning Franking † - - - - -	1,412,366
1796. Annual charge by Loan and Funding of Navy * - - - - -	1,834,354	1796. Taxes estimated to produce - - - - -	1,592,000
1797. Interest, &c. on the total Navy Debt and Exchequer Bills, if Funded in the 3 per cents. according to the proposal £. 1,033,847		1797. Taxes estimated to produce - - - - -	2,132,000
Interest, &c. &c. on Loan - - - - -	1,215,000	Sum formerly provided for Interest of Exchequer Bills, now paid off ‡ - - - - -	155,000
Interest of Exchequer Bills - - - - -	275,000		£. 6,203,666
Provision for future Navy Debt - - - - -	202,500		
	2,726,347	Additional charge since the War - - - - -	£. 6,824,852
Charge created by the repeal of the Burial and Glove Tax - - - - -	10,600	Additional receipt since the War	6,203,666
	£. 6,824,852	Deficiency - - - - -	£. 621,186

* Account delivered to Parliament, as required by the 27 Geo. III. c. 12.

† Account of the nett Produce of all the permanent Taxes.

‡ Appendix N, Committee of Finance 1786.

In this account, which exhibits a deficiency of £. 621,186, the full produce of the taxes 1793—4—5, for one year ending the 10th of October 1796, is allowed without any deduction; and the only objection that can be foreseen to the result it presents, arises from the stoppage of the distilleries. To estimate the precise loss the revenue has sustained from this circumstance, is attended with difficulty; the want of home-made spirits must increase the consumption of, and consequently the duty on, every other species of liquor. The liberality, however, of the allowance in the following statement can hardly be disputed:

STATEMENT, No. II.

Shewing the Total Amount of the Charge and Receipt created since the War, on the supposition the New Taxes on Home and Foreign Spirits had produced, in the year ending 10th of October 1796, as much as the year ending 10th October 1795.

Total Annual Charge created since the War, as in Statement No. I. £. 6,824,852

Total charge £. 6,824,852

Total receipt 6,413,247

Deficiency £. 411,605

Total Increase of Receipt since the War, as in Statement No. I. £. 6,203,666

Add estimated Loss by the Stoppage of the Distilleries - - - - - 209,581

£. 6,413,247

Thus, after making every possible allowance to the receipt of the new Taxes, for the loss sustained by stopping the distilleries, there appears a larger deficiency in the provision to sustain the annual charge occasioned by this War, than the Committee of the House of Commons 1782, reported to exist in the Taxes laid on to defray the charge of the American War.

Deficiency, as appears Statement No. II. in the Taxes laid during this War	- - - -	£ 411,605
Deficiency, as by Report of the Committee 1782 on the Taxes imposed during the American War	- - - -	395,931
Excess of Deficiency in this War	- - - -	<u>£ 15,674</u>

It is impossible the Minister can urge any solid excuse for not having provided Taxes in the Budget of the year to cover this deficiency of £. 411,605.* The principle on which he, in conjunction with others, made the Report of the Committee 1782, announces it as his duty. The spirit of the clause in the Consolidation Act, from which he has claimed so much merit, prescribed it as a task; and had he not abandoned the practice of which he had boasted at the beginning of the War, he must have performed it.

But this is not the sole practice, to which he was pledged, that has been relinquished for the convenience of the moment; nor is the above the only deficiency he has left unprovided to effect a temporary concealment of the burdens his measures have rendered it necessary to entail on the People. The rule adopted in the Budgets at the commencement of the War, in calculating the amount of the future charge for which Taxes were to be provided, was to estimate the Extraordinaries of the ensuing year as equal to those of the last. The recent additions to our naval and military establishments; to the number and importance of our enemies, as well as the uniformly

* In the Budget, the East India Company was stated to have undertaken the payment of £. 112,500 of this deficiency; but the Minister had as little reason to think they would, as to believe they could, with any degree of propriety, undertake such an annual payment.

increasing

increasing scale of expence, which this and every other War has exhibited, would have justified the Minister in rejecting it * as inadequate. But, in defiance of experience, and in contempt of every conclusion authorized by reason, the Minister has assumed, in his calculations, the certainty of a great diminution in our expenditure; the following comparative statements will shew, that the extent of the provision for Extraordinaries during the ensuing year falls short of what was incurred in the antecedent, no less than £. 9,401,627.

STATEMENT, No. III.

Expenditure on account of Army, Navy, and Ordnance, 1797.

Amount that ought to have been provided for on the supposition that the Extraordinaries of 1797 are as great as in the antecedent year.

Amount as stated by the Minister in the Budget, December 7th, 1796.

Navy.		Navy.	
120,000 Seamen -	£. 6,240,000	120,000 Seamen -	£. 6,240,000
Building, Rebuilding, &c.	768,000	Building, Rebuilding, &c.	768,000
Extra Navy -	653,573	Extra Navy -	653,573
Navy Bills, &c. -	8,200,000	Navy Bills, &c. -	5,500,000
Total	15,861,573	Total	13,161,573
Army.		Army.	
Estimate -	6,613,000	Estimate -	6,613,000
Extras -	6,000,000	Extras -	3,000,000
Received from the Vote of Credit -	2,500,000	Total	9,613,000
Total	15,113,000	Ordnance.	
Ordnance.		Estimate -	1,009,024
Estimate -	1,009,024	£. 23,783,597	
Unprovided Service, the same as in 1795 † -	1,201,624		
Total	2,210,648		
£. 33,185,221			
Amount of the Sum that ought to have been provided for		£. 33,185,221	
Sum provided for		23,783,597	
		£. 9,401,624	

* Comparison of the War Expenditure for four years of the three last Wars:

In 1745, £. 7,137,733.	In 1759, £. 13,403,637.	In 1779, £. 17,033,685.
1746, 7,583,227.	1760, 14,916,114.	1780, 19,722,755.
1747, 8,265,582.	1761, 16,160,756.	1781, 21,570,325.
1748, 8,824,775.	1762, 16,355,190.	1782, 21,689,325.

† Parliament has as yet no account of the total unprovided Service 1796.

To diminish, therefore, in appearance, the Taxes which the War must create, the Minister has not only left unprovided a deficiency to the amount of £.411,605, as explained in Statement No. II, but he has kept out of view an expenditure of £.9,401,624, for which he ought to have provided Taxes on the principle he laid down, and uniformly practised, till, startled by the magnitude of the charge, he shrunk from the task he had himself prescribed. Thus the deficiency in the provision made, even on the supposition that upwards of £. 3,700,000 of new and untried Taxes should, contrary to all reason and experience, produce to the extent for which they were given, amounts, as appears by the following statement, to £.1,046,375.

STATEMENT, No. IV.

SUM for which additional Taxes ought to have been imposed in the last Budget to cover the Charge at the End of the present Year.

Amount of deficiency in Receipt, as explained in Statement No. II.	£. 411,605
Interest Sinking Fund, and Charge of Management on £. 9,401,624,	
at the same Rate as the Loan of this Year	634,770
	£. 1,046,375

There is no view of the subject that can afford a stronger proof of our present unparalleled expenditure, and of the rash precipitation with which we are hurrying on to ruin. The Minister has this year proposed to Parliament, impositions to the extent of £.2,133,000, yet it appears he has left £. 1,046,000, for which further Taxes ought to have been imposed. Thus, in a year when

the people of this country have been subjected to perpetual Taxes to the extent of three times the amount that any former Minister ever ventured in one year to impose, they have the mortification to find, that the Chancellor of the Exchequer has left a sum unprovided, far exceeding the Taxes proposed in one year by any of his predecessors, and nearly double the amount of imposts which the most calamitous years of our history have rendered necessary. Plain facts such as these convey the most solid reply to all the mysterious declamation concerning the management of the Finance to which we are habituated. It is not a difficult task for a Minister with bold assertion and artful concealment to furnish Statements, that for a time may keep his partisans in countenance, and perplex the understanding of the nation. Men of less talent, and certainly under less temptation, than the present Minister, have succeeded in the practice. The speculation is not a bad one. Deceit, backed by power and authority, has too often triumphed over truth not to make it a common one; and the complication of which details on Finance are susceptible, points that subject out as fit for the experiment. In the present instance, it required little discernment to perceive, that great assistance would be derived from the prejudices of the community, in propagating the opinion, that the Taxes of the year covered every remaining charge. For, without minute investigation, it was impossible to believe, that after laying on Taxes exceeding in amount Two millions, he should have left a Million unprovided for.

Having

Having thus briefly, but too truly, displayed our situation with respect to the charge and receipt created by the War; the general state of our receipt and expenditure, in the event of Peace, comes next to be considered.

All speculations concerning future Peace Establishments must be, in a degree, uncertain. The great increase which past experience would teach us to expect, even on the articles of Navy, Army, and Ordnance, will appear from the following comparison :

STATEMENT, No. V.

Comparative Statement of the Expence of Army, Navy, and Ordnance, during the following Years of Peace :

1751, £. 2,014,751	Average £. 2,003,501	1764, £. 4,021,546	Average £. 3,643,110	1786, £. 4,759,357	Average £. 4,700,364
1752, 2,003,029		1765, 3,433,056		1787, 4,447,057	
1753, 1,941,729		1766, 3,642,158		1788, 4,889,966	
1754, 2,048,495		1767, 3,475,683		1789, 4,705,076	

In conformity, however, to the desire of placing every thing in as favourable a point of view as possible, the actual average of the last Peace Establishment is adopted, in the following Statement, with the addition of £. 500,000, which must appear moderate in the extreme, when we consider the great increase of expence that will be occasioned by the Barrack Service, and the additional Half-pay of the Army, Navy, and Ordnance.

STATEMENT, No. VI.

of the Total Produce of the Old and New Revenue, and the Total probable Charge in the Event of Peace. In this Account the Produce of the Taxes 1793—4—5, is stated for one Year ending the 10th of October 1796; and the Taxes 1796 and 1797 are stated to produce the Sum for which they were given.

Annual Expenditure during	
of last Peace, from the year 1786	
to the year 1791 - No. 1.	£. 16,854,229
the Charge as estimated by the	
Committee on £. 5,500,000 Exche-	
quer Bills since paid off - No. 2.	155,000
annually voted for the Sinking Fund and not	16,699,229
deducted for - - - - -	200,000
Annual Peace Establishment - - - - -	500,000
the Charge created by Loans and Funding of the	
Navy before October 1796 No. 3.	4,087,906
Charge in respect of Interest and Sinking Fund,	
created by funding £. 14,654,391—Navy Victual-	
ling, and Exchequer Bills on the supposition they	
are subscribed into 3 per cents. - - - - -	1,033,847
and Sinking Fund on a Loan of £. 18,000,000	
on December 7th 1796 - - - - -	1,215,000
on £. 5,500,000 Exchequer Bills, at 5 per cent.	275,000
on a Sum of £. 3,000,000, future Navy	
Expenditure provided for in Budget Dec. 7th 1796 - - -	202,500
Total	£. 24,213,482

Produce of the Old Taxes, for one year	
ending 10th October 1796 - - - - -	£. 12,798,326
Allowance for Loss by Distilleries - - - - -	554,181
Corn Bounties paid out of the Customs - - - - -	449,381
Bounties to Seamen - - - - -	51,491
No. 1.	13,853,379
Received from the Duties 1793, 1794,	
1795, for one year ending the 10th	
October 1796 - - - - -	No. 2. 2,284,666
Allowance for Loss by Distilleries - - - - -	No. 3. 209,581
	2,494,247
Estimated Amount of Taxes 1796 - - - - -	1,592,000
Estimated Amount of Taxes proposed Dec. 7th 1796,	
for the service of the year 1797 - - - - -	2,132,000
Land and Malt as estimated by the Committee - - - - -	2,558,000
Total No. 4.	£. 22,629,626
Total Expenditure - - - - -	£. 24,213,482
Total Receipt - - - - -	22,629,626
Deficiency - - - - -	£. 1,583,856

No. 1. See the Report of Committee 1797, page 8.

No. 2. See Appendix N, Committee 1796.

No. 3. Account of all Addition to the Public Debt as required by the 72d Section of the 27th Geo. III. cap. 13.

No. 1. This is copied from the Paper before the House of Commons.

No. 2. This is the Produce as stated to Parliament in the Paper entitled The Net Produce of the Taxes for one Year, ending 10th of October 1796, deducting from the Taxes 1794, 1st. from the Total Produce of Paper £. 75,000; 2d. from the Duties of Bills and Receipts £. 128,600; both of these Sums being included in the Produce of the Old Taxes as above stated.

No. 3. This Allowance is made on the Supposition, that if the Distilleries had been open, the Tax on Home and Foreign Spirits, for the year ending 10th of October 1796, would have equalled the Receipt of the same Duties for the year ending 10th October 1795; even if there had been a full Year's Receipt in the latter Period on the Duties imposed in 1795.

No. 4. Nothing can be added to this, except a Share of the Produce of a 53d Week—about £. 34,000.

It is impossible to look at this account without concern, and without feeling substantial cause of alarm for the situation of the country. So far from exhibiting any surplus, the people of England have the mortification to see, that after all the burdensome taxes to which they have been lately subjected, there would remain in the event of Peace

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a deficiency to the amount of £. 1,583,856; and this without stating any provision for the further sum of Extraordinaries, for which, it has been shown in Statement No. III, Taxes ought to have been imposed. Allowing for this further charge, which undoubtedly should be included, the real deficiency in the event of Peace would be as follows :

Deficiency, as in Statement No. VI,	-	-	£. 1,583,856
Interest, Charge of Management, and Sinking Fund,			
at the same rate as the Loan of this Year, on			
£. 9,401,624, which, it has been shown in State-			
ment No. III, ought to have been provided for,	-		634,770
Total Deficiency,	-	-	£. 2,218,626

Large as this may appear, the statement from which it results includes no provision for the necessary expence attendant on winding up a War expenditure. The writers on this subject who are the most moderate in their calculations, nowhere estimate this at less than half a year's War expence ; and the experience of past times would support a much more extravagant allowance. Estimating it in this way, as it has been shown that the present annual expenditure of Army, Navy, and Ordnance alone, amounts to upwards of £. 30,000,000 * ; before the final account of the War therefore can be closed, we must allow for the necessary charge that will attend an addition to our Debt, to the extent of at least £. 15,000,000 ; which,

* See Statement No. III.

if it can be obtained on the same terms with the Loan of this year, will create an annual charge of £. 1,012,500. The National Receipt and Expenditure will then stand as follows :

STATEMENT, No. VII.

Shewing the Total Produce of the Revenue, and the Total probable Charge, on the Supposition that the Sums necessary for the Extraordinaries of this Year, and for winding up the War Expenditure, are provided for.

Total Expenditure as in Statement No. IV.	£. 24,213,482	Total Receipt of Revenue, as in Statement No. VI.	£. 22,629,626
Charge of Management, Interest, &c. on £. 9,401,624 for the Extras of this year, as explained in Statement No. III.	634,779	Total Expenditure	£. 25,860,752
Charge of Management, Interest, &c. on £. 15,000,000, necessary for winding up the War Expenditure	1,012,500	Total Receipt	22,629,626
Total Expenditure	£. 25,860,752	Deficiency	£. 3,231,126

The rapid and unparalleled augmentation of the War expenditure, renders it difficult with accuracy to ascertain what additional charge will be occasioned by our persevering in hostilities for another year; but when we know that within these two years we have added upwards of £. 4,500,000 * in perpetuity to the annual charge, we cannot suppose it will be less than £. 2,000,000 per ann.

The increase of the number of our enemies, and of the interest of money, would authorise our looking forward to a much greater sum. On the supposition, however, that it may be carried on with the annual addition of £. 2,000,000 to the permanent charge, as it has been shewn, in Statement No. VII, that if Peace is restored at the end of

* See Statement No. I.

this year, the deficiency in the receipt to be supplied by new Taxes must be £. 3,231,126, and the total expenditure £. 25,860,725— It follows that, if this contest is persevered in, Taxes must be provided, and the Peace expenditure increased to the following extent :

	New Taxes.	Amount of Peace Expenditure.
If to the end of 1798,	£. 5,231,126	£. 27,860,725
1799,	7,231,126	29,860,725
1800,	9,231,126	31,860,725

But it is needless to anticipate calamity ; sufficient for the day is the evil thereof. A Revenue of £. 25,000,000, from so small a population and territory as this country contains, may be collected. But the history of man furnishes no example of it. In the year 1768, Mr. Burke declared, “ That no man had considered the “ Finance of France with any degree of attention or information, “ but must hourly look for some extraordinary convulsion in the “ whole system, the effect of which on France, and even on all “ Europe, it was difficult to conjecture.” Dr. Adam Smith about this time states the Revenue of France, from the best information he could obtain, to amount to £. 15,000,000, and that of England to £. 10,000,000 ; but our permanent Peace expenditure now creates the necessity of a Revenue larger than that of both countries at the time when Mr. Burke discerned the seeds of a Revolution in the Revenue of France.—Even in this situation, I doubt not that Ministers, whose past conduct has shut the door to all

* Observations on a late State of the Nation.

reasonable hope of honest fame, regardless of futurity, may blunder on from Session to Session, enjoying the pitiful prospect of a few more years of power and emolument. But there is no thinking man who must not tremble for the fate of the country, and look forward with doubt and hesitation at the possibility of our retaining, under the pressure of such accumulated taxation, that weight and importance as a nation which we have hitherto enjoyed.

The modern system of Funding prevents all immediate feeling of the calamities of War. Taxes come gradually and slowly into payment.—It is true the industry of man is turned from productive to unproductive labour, and large portions of our capital withdrawn from that order of expenditure which by its encouragement to reproduction is calculated to maintain and increase national wealth : but the forced circulation, which the expenditure of the War creates, gives a false impression both of our revenue and commerce, and flatters for the moment with the delusive hope of undiminished Wealth.

In this state, Ministers may indulge in specious paradoxes. Their partisans may applaud the ingenuity of propositions they do not understand. National prosperity may be stated as the cause of our national embarrassment; and exploded nonsense concerning the want of circulating medium, detailed with eloquence, may command the admiration of a confiding Parliament. But he is a bold man who can view the period of returning Peace, when the War expenditure

expenditure vanishes, and all the various Taxes necessary for raising a permanent Revenue of £. 25,000,000, are brought to bear on the people of this country, with sanguine and confident hope of our undiminished prosperity; and he is a rash man in the extreme, who flatters himself that any apology can exist for carrying the experiment to a still greater length.

The effects of this extension of our Debt on that Constitution, the War was undertaken to preserve, is perhaps still more alarming. I hesitate not to say, that, even in our present situation, it becomes a matter of indifference, whether it is a Monarchy, an Aristocracy, a Republic, or a Mixed Government—Were it the fairest form of constituted authority the mind of man ever conceived, with a revenue of £. 25,000,000, it must be a Despotism; that is, the person possessing the management and controul over so large a proportion of the national income, must regulate with despotic authority the actions and the conduct of his countrymen.

The power incident to property, and the necessity of maintaining a proper balance in its distribution, was formerly a more favourite topic than it has been of late. It is to be regretted that those who prosecuted this enquiry did not live at a period when the progress of human knowledge, by furnishing them with a more accurate idea of the nature of property, would have enabled them to start their speculation from a more commanding point.

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But, whether with Harrington we confine our ideas of property to land, or more accurately consider it as including every thing which forms the object of desire of any human being, and is capable of being enjoyed by his fellow-creature; all power over another, attendant on the possession of property, must arise either from the actual or expected communication of a part of it. From the manner all property is used, there obviously arise two distinct sources of its communication to others—the expenditure necessarily incident to the management and collection, and the subsequent expenditure of its nett produce. Now, the Funding System, politically considered, is a device by which the power attendant on the total expenditure of a portion of the National Capital, is taken out of the hands of the People, and divided between the Government and the National Creditor, in such a manner that the former enjoys what appertains to management and collection, the latter what arises from the expenditure of the nett produce. To estimate with accuracy the proportional importance of the share which by this means Government retains and the Creditor acquires, would lead to an investigation too extensive. But a comparison of the power enjoyed by the possession of an estate where the proprietor never resides, and which of course must arise from the management and collection, with the power derived from the expenditure of the nett produce in the various places he may select for his residence, must suggest to us, that the share of power acquired by Government from this division, is infinitely greater than that attained by the Creditor. Considering it, however,

however, for the sake of argument, as a fair and equal division, it follows, that, as the *War Expenditure* now exceeds twenty-five millions, and the Revenue that must be collected amounts to that sum, those who conduct the Government are at present in possession of more power than would attend a property of Twenty-five millions a year; and that, on the return of Peace, they will be in the permanent possession of the power attending the management and collection of this sum, which, on the supposition that this last is only equal to the power attending the expenditure of the nett produce, must be such a share of power as a property of Twelve millions five hundred thousand would command.

If Mr. Hume exerted his ingenuity to describe the increase of dependence created by property in a state of combination, above that which it commands in a state of dispersion—if to him the power enjoyed by a man of One hundred thousand a year, seemed to exceed so wonderfully the proportion of power enjoyed by a hundred men of One thousand a year—to what conclusion would his reasoning have led him, had he contemplated such an extended property vested in the hands of a Minister? Can any man believe that he would have differed from me in pronouncing, that it must be attended with despotic authority?—If Harrington (regarding his *Oceana* with all that fond partiality with which man naturally views the offspring of his own mind) deemed a Million a year the largest revenue the State could enjoy with safety to his model of a

perfect Commonwealth—what opinion must he have entertained of our Government in its present state? Is it probable that he would be disposed to differ much on the effects of such accumulated Revenue, when we find him with anxiety recording, that, in the 21st year of the Republic of Oceana, the Commonwealth being worth One million a-year, and “the Revenue being such as was able to be a
 “yearly purchaser, gave a jealousy that by this means the balance
 “of the Commonwealth, consisting in private fortunes, might be
 “eaten out; whence this year is famous for that Law, whereby
 “the Senate and the People, forbidding any further purchase of
 “lands to the Public within the dominions of Oceana, and the
 “adjacent provinces, put the agrarian upon the Commonwealth
 “herself!”

The aim of modern political writers seems to resemble that of the ancient moralists, to captivate by animated descriptions of the benefits attending the form of Government they admire, and, by eloquent appeals either to reason or prejudice, to inflame our passions, and excite our enthusiasm, for the favourite system they mean to inculcate. But, if, in the progress of moral knowledge, it has appeared important to more recent and more enlightened moralists to ascertain the means of moral distinction; if so much ingenuity has been exerted to discover whether it was the effort of reason, or the effect of a moral sense; it seems of no less importance in Politics, or the science of Government, to ascertain the principle which disposes one animal

to regulate its actions by the will of another. Experience teaches us, that all animals are ruled and controuled by the management of the objects of their desire. The desire of life, of avoiding pain, of food, and of sleep, constitute the narrow circle of desires which we can discern in brute animals; and it is by the management of all, or some one of these, that man succeeds in rendering other creatures dependent on his will.

Human nature is, indeed, susceptible of an infinite variety of desires; but let not the pride of man imagine that he is exempt from that general law of animal œconomy, which makes obedience to the will of another attendant on the management and possession of the objects of his desire. Numerous as are the objects of man's desire, there are not wanting plain and obvious distinctions that suggest the division of them into two classes. Such as are alone capable of being enjoyed by the individual, in whose conception they appear desirable; as for example, life is desirable to A.; but the life of A. cannot be enjoyed by B.: and secondly, such as being the object of A.'s desire, may be enjoyed equally by B. or any human being; and this last is the description and the real definition of property.

Man exists in a state of absolute slavery, when both of those classes of the objects of his desire are under the controul and management of his fellow-creature: but long before he is reduced to this state, his freedom of action vanishes before an approaching monopoly

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of either. The power with which constituted authority or government by law is armed, is that of disposing, in certain definite cases, of the objects of desire of the first class; or of seizing either the whole or a part of the object of desire of the second, in the possession of individuals. And it is the prudence, the wisdom, and the precaution with which these powers are delegated, that constitutes the excellence of a System of Government.

Of the second class of the objects of man's desire, it has been observed, that they are capable of being enjoyed by all, as well as the person who possesses them. Thence A. may possess power over B.; not only by the controul of those objects of this class which B. possesses, but also by communicating to B. a share of the stock of those objects which he A. has acquired.—“ En effet (says an eminent author) un homme n'avoit point avant les loix d'autre moyen d'assujettir ses égaux qu'en attaquant leur bien, ou leur faisant quelque part de sien.” It is this latter means that in all good Governments ought to be left without restraint, and which, uncontrouled, is ever productive of good effects.

But if property is forcibly accumulated by legislative arrangements, it becomes as fertile a means of subjection, and as certain a source of despotic sway, as any other. Of great and extensive property, history furnishes many instances, and records its effects: but this country exhibits a scene new to the eye of man; never did there exist

exist a similar proportion of the Capital of any Nation united in such a manner, that the whole power attending the management of it may be used to enforce the will of an individual. This is the real malady, the true political distemper, under which the British Nation labours. A subservient Magistracy, a torpid and supine People, and a Parliament whose votes and opinions are at variance, are but the natural symptoms of the disorder. How groundless then the alarm at the supposed progress of French principles! How wicked the prosecution of those who wished to reform our Representation! There exists but one formidable description of traitors to the Constitution of this country; it is those whose measures have created a necessity for a Revenue of £. 25,000,000 annually, and who, by this means, have acquired a domineering power, that enables them at pleasure to dictate or infringe the laws of their country; a power which has essentially weakened, if it has not totally overthrown, the balance of our constitution in practice.

Such are the effects of a War, undertaken as was pretended by Ministers for the preservation of our Property and our Constitution, but which, in reality, has invaded the one and endangered the other to a degree that gives solid grounds for alarm; for there is no unprejudiced man endowed with the use of reason who must not now perceive that its continuance inevitably involves the destruction of both.

F I N I S.